

**MINUTES OF THE
BOARD OF BUSINESS AND ECONOMIC DEVELOPMENT
January 13, 2005 Meeting**

Members Present:	Richard Nelson, Bill Boyle, Ted Smith,, Jerry Oldroyd, Barbara Zimonja, DelLoy Hansen, Debra Tanzi, David Simmons, Cliff White, Karen Alvey, Joel Bradford, Jane Shock, Mark Howell
Members Absent:	Kenneth Woolley, Ed Ekstrom
Visitors:	Brice Wallace, Stephanie Frohman, Chris Roybal,
Staff:	Tamee Roberts, Connie Gates, Stan Nance, Leigh von der Esch, Bonnie Burley, Jerrold Jensen, Martin Frey, Ladd Christensen, Inge Krogue, Annette Babisz, Dick Bradford, Todd Hauber, Tracie Cayford, Kelly Day

Welcome

Chairman David Simmons welcomed the DBED Board, staff, and guests and acknowledged Jerry Jensen from the Attorney General's office and Chris Roybal who is Governor Huntsman's senior economic advisor. The published agenda listed the first item of business would be covered in a closed executive session. Jerry Jensen explained what could be discussed in a closed session so a decision could be made as to whether or not the meeting would be closed. Mr. Jensen distributed statute regarding the closed session and continued explaining the limitations from section 52-4-5 of the Utah Code.

**MOTION: DelLoy Hansen made a motion to hold the session open and Joel Bradford seconded the motion.
Motion carried unanimously.**

Tracie Cayford notified the media that it was now an open session. Chairman Simmons apologized for inconvenience to anyone and identified important points needing to be covered such as, personnel and organizational changes announced last week. Procedural issues were discussed to make sure that the Board and the Governor's office are in agreement, and also understand what the role of the Board is. Mr. Simmons conveyed that the board very much wants to collectively do anything possible to promote and encourage the economic development within the State of Utah

Jerry Jensen distributed copies of Board Duties and Powers from title 9 of Utah Code and gave a brief overview of the duties and responsibilities of the board. Statute requirements were discussed to determine whether or not the board is a policy or advisory board. It was decided that the board is a policy making board, depending on context, but can also be mixed as an advisory board. One of the real purposes of the board is to give advice and concurrence to the division prior to an imposition of, or change in any policy priority, objective, etc. and to be consulted in a course of removal of the director of the division as it relates to the board.

Chris Roybal Discussion

Chris Roybal provided the board with an outline of changes that were made and some thoughts in terms of direction for the future. Economic Development is Governor Huntsman's highest priority and the structural change he would like to make with regard to DBED, the Divisions of Travel and Tourism, and Office of Energy is to have them report directly to the office of the Governor. The other five community divisions will become a separate department of Community of the Arts, but will be determined by legislative action. Until the legislative action happens, DCED structurally remains the way it is. Dick Bradford has been retained as the interim Director for the DCED through the legislative session and possibly beyond to help accomplish the Governors Plan. The Governor's plan includes economic development activities such as high-level recruitment, some international functions and other high level business he plans to take care of himself. The Governor has been analyzing Economic Development's activities for well over a year. There was a 45- page document produced and released to the delegates in May. That process was started the previous September with a team of between 25-30 executives, some of which were on the DBED Board. There were approximately 57 in all of DCED that the Governor could ask for resignations. The Governor wants to develop a new economic development team to see change in terms of how political appointments are operated in DCED. Governor Huntsman would like the political appointments to take on a different feel and not be looked upon as a career. The original intent was to attract people from the private sector who would spend a couple of years in appointed positions because of their talents and skills, and then return to the private sector. Ladd Christensen and Martin Frey were introduced as co directors of DBED with some particular assignments. They have no intent of being long time state employees, but are here to execute on the Governors economic development plan being formed. Ladd Christensen has over 30 years of business experience and will take on certain assignments in addition to co managing. Martin Frey is recently here from Silicon Valley and was a senior executive at Cisco Systems who helped build that company into a 20 billion dollar business. He has a number of high-level skills in the technology area and centers of excellence area.

DelLoy Hansen stated that the members of the board all take their job seriously and sacrifice their time for the benefit of the State. His feeling after listening to the Board is that something once honored in the past has been very imperially washed away with no consultation, and there was no respect for the rule of law in terms of doing this work. Mr. Hansen requested that when there is intention, the Governors team should be very clear about their legislative functions so that the Board is not so surprised, as other honorable people were. Mr. Roybal answered that he had not been privy to any discussion regarding eliminating the DBED board. He explained that the Governor's office has every intention of working with the DBED Board. Mr. Hansen explained that there is a legal path that was not followed. Mr. Roybal explained that it was their understanding that they had the ability to do what they did with the list of politically appointed people that were let go.

There was further discussion by Mr. Hansen regarding the issue of National Recruitment being offloaded to EDCU six years ago, by Governor Leavitt. He explained, at that time it was the job of the DBED Board to do that and they chose to keep it in DBED. Mr. Hansen said in the present situation it looks like it is being done without consent of the board. Mr. Roybal addressed the issue by stating the board did approve a contract to EDCU six years ago and the contract was delivered to EDCU, but they decided not to accept and execute on the contract. Mr. Roybal further stated it is very clear that the Governor is looking at areas of duplication and leveraging resources. National is one area that could be eliminated because of the duplication with EDCU. There has been no contract offered, but clearly they hope the board will look at that situation and others where we can eliminate duplication and have accountability to the services that are offered. Dave Simmons asked the question what is left in the division for national recruitment at the present time? Mr. Roybal explained staffing issues in all existing programs. Mr. Roybal stated that the DBED staff is being directed to route client handling issues to EDCU, a partner with the State of Utah. Mr. Simmons stated that it seems as though this is a change in policy that has now been made without review or discussion with the board. Mr. Roybal asked the board to look at this in the spirit of transition and being more efficient and avoiding duplication. Jerry Oldroyd stated the concern of the board is that statute and fiduciary duties to make certain the economic development process is followed. His concern is that no one knows what is going on and they want to be certain that the commitments that the State has made, and ongoing obligations are in fact being satisfied. Mr. Roybal was asked to explain what the policy is to make certain things don't fall through the cracks in each of the departments. Mr. Roybal addressed explained that Martin and Ladd are co-directing the division and the IAF fund. There was concern that the day-to-day practical things were being taken care of. Are there funding problems and contracts that need to be signed, and are there people here to do those things, and if not what are the plans to keep things going. Mr. Roybal explained that they felt comfortable that there were people who are on staff that can handle most things and also new people with expertise who will join the staff.

Mr. Roybal was asked to explain what the plans were for each office. According to the Governors strategy, it has not been decided whether or not to fill all positions. Procurement and Business had reductions and it was determined that the three existing individuals could handle the work, along people from the SBA. Ed Meyer will handle enterprise loans. Part of the strategy of the Governor, was to eliminate a culture that he thought was not getting the job done. It was determined there was duplication in a number of areas, so there is the possibility that what four people were doing, may be handled by one.

There are reports that are due to the legislature, Jerry Oldroyd asked if there was in-house expertise to handle those reports or was it going to be outsourced. It is not going to be outsourced, but rather handled by Dick Bradford. Martin and Ladd will handle the IAF and Centers of Excellence issues. It was determined that there is staff that can supply the analysis necessary to complete reports. Martin Frey will have oversight of Technology and Science. The Science Advisor piece may be filled separately.

One support person staffs International, but Ladd Christensen has a specific assignment to build a new strategy for international trade. It is the intent of the administration to do more targeting in International rather than cover all parts of the world. Ladd will determine where and how we can get the highest return on our investment. Ladd will also address what the State's role is, what the strategy is to get there, and then staff the office.

There was no change made to the Film Commission.
One person will staff incentives.

Dave Simmons summarized that they fully understand the rationale to put in a new team and plan. He asked for Mr. Roybal to describe again the reason why the decision was made to first eliminate all of what was there and then recreate a plan as opposed to putting it in place piece by piece. He also asked how long before we are back in business. Chris explained that he felt things are in place and going smoothly.

Chairman Simmons asked Mr. Roybal if he agreed that there has been substantial change in policy priority and objectives under which DBED operates without the advice and concurrence of the Board. He said they have not orchestrated any

significant changes but are in the midst of those and would appreciate advice as strategies are being shaped for each department. Ted Smith asked if some of the strategy would require legislative action. Mr. Roybal explained that some will and is already being drafted. Jerry Oldroyd suggested that the bill be circulated among the board and get input from them that would help the cause. He stated that he hopes that the process that was used isn't viewed by the public as demeaning in any way to the people that were let go. There were some enormously qualified and capable people who worked very hard because they were asked by the Governor to take those positions. They could have done much better for themselves outside of Government, but were only here because of their service to the State of Utah.

Jerry Oldroyd asked who would sit on the Capital Investment Board. Chris Roybal answered it would be either Ladd or Martin and would be determined at a later date.

David Simmons distributed and read a proposed resolution to express the Board's gratitude to former appointed employees whose resignations were submitted. If unanimously approved, Connie Gates will prepare individual certificates and they will be mailed to all former employees mentioned.

MOTION: **Jerry Oldroyd moved to adopt the resolution; Joel Bradford seconded the motion. Motion carried unanimously.**

Chairman Simmons called for a motion to approve the December minutes.

MOTION: **Barbara Zimonja moved to approve the December minutes; Ted Smith seconded the motion; motion carried.**

Committee Reports

Incentives Committee

Barbara Zimonja reported there was one action item to be approved; Horizon Metals a company on the old loan contract format who paid in full. The motion is to close the IAF contract and approve the credit for Horizon Metals.

MOTION: **Barbara Zimonja moved to close the IAF contract; Mark Howell seconded the motion; motion carried.**

Other Business

February 10, 2005 Agenda:
Approval of January, 2005 minutes
Committee Reports
Division Report

With no further business to take care of, Chairman Simmons adjourned the meeting.